

1 _____ BILL NO. _____

2 INTRODUCED BY _____
 3 (Primary Sponsor)

4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING CONSTRUCTION REQUIREMENTS FOR THE NEW
 5 OR EXPANDED INDUSTRY PROPERTY TAX ABATEMENT; REQUIRING PAYMENT OF A STANDARD
 6 PREVAILING WAGE IN ORDER TO QUALIFY FOR AN ABATEMENT; AMENDING SECTION 15-24-1402,
 7 MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

8
 9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10
 11 **Section 1.** Section 15-24-1402, MCA, is amended to read:

12 **"15-24-1402. New or expanding industry -- assessment -- notification.** (1) In the first 5 years after
 13 commencement of construction, qualifying improvements or modernized processes that represent new industry
 14 or expansion of an existing industry, as designated in the approving resolution, must be taxed at 25% or 50% of
 15 their taxable value. Subject to 15-10-420, each year thereafter, the percentage must be increased by equal
 16 percentages until the full taxable value is attained in the 10th year. In subsequent years, the property must be
 17 taxed at 100% of its taxable value.

18 (2) (a) In order for a taxpayer to receive the tax benefits described in subsection (1), the taxpayer
 19 may submit an application for a project with a project plan and receive approval for an abatement prior to
 20 commencement of construction and agree to pay a standard prevailing wage as provided in subsection (3). A
 21 taxpayer that does not seek approval prior to commencing construction must have applied by March 1 of the
 22 year during which the benefit is first applicable. The governing body of the affected county or the incorporated
 23 city or town must have approved by separate resolution for each project, following due notice as provided in 7-
 24 1-2121 if a county or 7-1-4127 if an incorporated city or town and a public hearing, the use of the schedule
 25 provided for in subsection (1) for its respective jurisdiction. The governing body may not grant approval for the
 26 project until all of the applicant's taxes have been paid in full. Taxes paid under protest do not preclude
 27 approval. If a taxpayer receives approval of a tax abatement prior to commencement of construction, the
 28 abatement does not extend to property that is outside the scope of the project plan that was submitted to the

1 governing body with the application.

2 (b) The governing body shall:

3 (i) publish due notice within 60 days of receiving a taxpayer's complete application for the tax
4 treatment provided for in this section; and

5 (ii) conduct a public hearing regarding an application for the tax treatment provided for in this
6 section and deny or approve it within 120 days of receiving the application as provided in subsection (2)(b)(i).

7 (c) If the governing body fails to hold a hearing or deny or approve the application within 120 days
8 of receiving the application, the applicant may seek from the district court in the jurisdiction in which the county,
9 city, or town is located a writ of mandamus to compel the governing body to make a determination.

10 (d) Subject to 15-10-420 and subsection (2)(f) of this section, a tax benefit may not be denied once
11 approved.

12 (e) The resolution provided for in subsection (2)(a) must include a definition of the improvements
13 or modernized processes that qualify for the tax treatment that is to be allowed in the taxing jurisdiction. The
14 resolution may provide that real property other than land, personal property, improvements, or any combination
15 thereof is eligible for the tax benefits described in subsection (1).

16 (f) Property taxes abated from the reduction in taxable value allowed by this section are subject to
17 termination or recapture by the local governing body if the ownership or use of the property does not meet the
18 requirements of 15-24-1401, this section, or the resolution required by subsections (2)(a) and (2)(e) of this
19 section. The recapture is equal to the amount of taxes avoided, plus interest and penalties for nonpayment of
20 property taxes provided in 15-16-102, during any period in which an abatement under the provisions of this
21 section was in effect. The amount recaptured, including penalty and interest, must be distributed by the
22 treasurer to funds and accounts subject to the abatement in the same ratio as the property tax was abated. A
23 recapture of taxes abated by this section is not allowed with regard to property ceasing to qualify for the
24 abatement by reason of an involuntary conversion. The recapture of abated taxes may be canceled, in whole or
25 in part, if the local governing body determines that the taxpayer's failure to meet the requirements is a result of
26 circumstances beyond the control of the taxpayer.

27 (3) In order to qualify for the tax benefits described in subsection (1), the standard prevailing rate
28 of wages for building construction services, as provided in 18-2-413, and heavy construction services, as

provided in 18-2-414, must be paid during the construction phase of the qualifying improvements or modernized processes that represent new industry or the expansion of an existing industry.

~~(3)~~(4) The taxpayer shall apply to the department for the tax treatment allowed under subsection (1). The application by the taxpayer must first be approved by the governing body of the appropriate local taxing jurisdiction, and the governing body shall indicate in its approval that the property of the applicant qualifies for the tax treatment provided for in this section. Upon receipt of the form with the approval of the governing body of the affected taxing jurisdiction, the department shall make the assessment change pursuant to this section.

~~(4)~~(5) The tax benefit described in subsection (1) applies only to the number of mills levied and assessed for local high school district and elementary school district purposes and to the number of mills levied and assessed by the governing body approving the benefit over which the governing body has sole discretion. The benefit described in subsection (1) may not apply to levies or assessments required under Title 15, chapter 10, 20-9-331, 20-9-333, or 20-9-360 or otherwise required under state law.

~~(5)~~(6) Prior to approving the resolution under this section, the governing body shall notify by certified mail all taxing jurisdictions affected by the tax benefit."

NEW SECTION. **Section 2. Effective date.** [This act] is effective July 1, 2023.

NEW SECTION. **Section 3. Applicability.** [This act] applies to projects that are approved by a governing body on or after [the effective date of this act].

- END -